

1 KELLER BENVENUTTI KIM LLP

2 Tobias S. Keller (#151445)

3 (tkeller@kbbkllp.com)

4 Peter J. Benvenuti (#60566)

5 (pbenvenuti@kbbkllp.com)

6 Jane Kim (#298192)

7 (jkim@kbbkllp.com)

8 650 California Street, Suite 1900

9 San Francisco, CA 94108

10 Tel: 415 496 6723

11 Fax: 650 636 9251

12 *Attorneys for Debtors and Reorganized Debtors*

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case, No.
19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' SEVENTY-
FIRST OMNIBUS OBJECTION TO CLAIMS
(NO LIABILITY CLAIMS)**

**Response Deadline:
April 14, 2021, 4:00 p.m. (PT)**

Hearing Information If Timely Response Made:

Date: April 28, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
7 “**Chapter 11 Cases**”) hereby submit this Seventy-First Omnibus Objection (the “**Objection**”) to the
8 Proofs of Claim (as defined below) identified in the column headed “Claims To Be Disallowed and/or
9 Expunged” on **Exhibit 1** annexed hereto.

10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the
18 “**Bankruptcy Rules**”).

19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
22 Debtors continued to operate their businesses and manage their properties as debtors in possession
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the Chapter
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
28 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and
10 priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar**
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire
12 Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’*
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
17 further modified, amended or supplemented from time to time, and together with any exhibits or
18 scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**
19 **Date**”). See Dkt. No. 8252.

20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
22 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*
23 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),
25 seeking entry of an order disallowing and/or expunging Proofs of Claim for which the Reorganized
26 Debtors are not liable (the “**No Liability Claims**”). The No Liability Claims are identified on

27 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 **Exhibit 1**, in the columns headed “Claims To Be Disallowed and/or Expunged.” **Exhibit 1** also
2 specifically identifies in the “Basis for Objection” that the No Liability Claims are classified as:

3 (1) “Protective Claims.” These are proofs of claim that assert protective,
4 unliquidated claims potentially owing post-petition. The Reorganized
5 Debtors have reviewed their books and records and have determined that they
6 have no known liability as of the Petition Date with respect to the Protective
7 Claims. Approval of the relief requested herein will not prejudice the holders
8 of any of the Protective Claims because (a) the Claimants retain all non-
9 bankruptcy remedies that would have existed had these Chapter 11 Cases not
10 been filed and (b) the Debtors commit that they will not raise any bankruptcy
11 defenses to future assertion of claims based on the alleged post-petition failure
12 of the Reorganized Debtors to perform or honor their obligations relating to
13 such claims.

14 (2) “Main Line Extension Reimbursement Claims.” These Claims are based on
15 prepetition refund obligations asserted under the Debtors’ mainline extension
16 and interconnection programs (the “**MLX Programs**”). In a limited number
17 of cases, the Reorganized Debtors have no liability for the MLX Claims listed
18 on **Exhibit 1** because the nature of the underlying agreement does not warrant
19 a refund. In most cases, the Reorganized Debtors have no current liability for
20 the MLX Claims because they have not yet come due. Such unpaid refund
21 claims arguably are not claims for which Claimants were required to submit a
22 proof of claim either under the Bankruptcy Code or the Bar Date Order;
23 certain of these obligations did not arise until after the Petition Date and
24 therefore are not properly reconciled and paid pursuant to the bankruptcy
25 claims process. For the avoidance of doubt, with respect to all of these Claims,
26 the Reorganized Debtors seek only to expunge the Claims, and any ongoing
27 obligations will not be discharged and will be paid in the ordinary course.
28

1 (3) “Engineering Advances and Other Refunds.” These Claims assert prepetition
2 refund obligations pursuant to the Debtors’ engineering advances program,
3 whereby Customers apply for new line extension or relocation projects, which
4 are applied to the cost of the project (the “**Engineering Advances**”). In some
5 cases, the Reorganized Debtors have no liability for the Engineering Advances
6 listed on **Exhibit 1** because the refund will be applied to contract or
7 cancellation costs and therefore not returned to the Claimant or there are no
8 outstanding Engineering Advances under the Claimant’s name. In most cases,
9 the Reorganized Debtors have no current liability for the Engineering
10 Advances because they have not yet come due. Such unpaid refund claims
11 arguably are not claims for which Claimants were required to submit a proof
12 of claim either under the Bankruptcy Code or the Bar Date Order; certain of
13 these obligations did not arise until after the Petition Date and therefore are
14 not properly reconciled and paid pursuant to the bankruptcy claims process.
15 For the avoidance of doubt, with respect to all of these Claims, the
16 Reorganized Debtors seek only to expunge the Claims, and any ongoing
17 obligations will not be discharged and will be paid in the ordinary course.

18 **IV. ARGUMENT**

19 **A. The No Liability Claims Should be Disallowed and/or Expunged**

20 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
21 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of
22 amounts for which the Debtors are not liable.” Omnibus Objections Procedures Order, ¶2(C)(iii).
23 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and
24 by cross-reference to claim numbers. The Reorganized Debtors and their professionals have reviewed
25 each of the No Liability Claims identified on **Exhibit 1** and have determined that they do not state a
26 basis for a current right to payment.

27 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
28 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections

1 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
2 the No Liability Claims.

3 **B. The Claimants Bear the Burden of Proof**

4 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
5 § 502(a).² Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
6 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
7 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
8 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
9 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
10 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
11 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
12 *(In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
13 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.
14 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
15 King, *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
16 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*
17 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

18 As set forth above, the Reorganized Debtors submit that the No Liability Claims do not represent
19 a current right to payment and, therefore, should be disallowed and/or expunged in their entirety. If any
20 Claimant believes that a No Liability Claim is valid, it must present affirmative evidence demonstrating
21 the validity of that claim.

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24 ² On November 17, 2020, the Court entered the *Order Extending Deadline for the Reorganized Debtors*
25 *to Object to Claims* [Docket No. 9563], which extended the deadline under Section 7.1 of the Plan for
26 the Reorganized Debtors to bring objections to Claims through and including June 26, 2021 (except for
27 claims of the United States which deadline was extended to March 31, 2021), without prejudice to the
28 right of the Reorganized Debtors seek further extensions thereof. On March 17, 2021, the Reorganized
Debtors filed the *Motion for Entry of an Order Further Extending Deadline for the Reorganized Debtors*
to Object to Claims and for Related Relief [Docket No. 10408], which seeks to further extend this
deadline through December 23, 2021. That motion is set for hearing on April 7, 2021.

1 **V. RESERVATION OF RIGHTS**

2 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
3 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
4 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
5 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
6 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
7 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
8 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized
9 Debtors reserve the right to object to the No Liability Claims on any other grounds that the Reorganized
10 Debtors may discover or deem appropriate.

11 **VI. NOTICE**

12 Notice of this Objection will be provided to (i) holders of the No Liability Claims; (ii) the Office
13 of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (iii) all
14 counsel and parties receiving electronic notice through the Court's electronic case filing system; and (iv)
15 those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to
16 Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice is required.
17 No previous request for the relief sought herein has been made by the Reorganized Debtors to this or
18 any other Court.

19 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
20 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
21 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
22 and further relief as the Court may deem just and appropriate.

23 Dated: March 19, 2021

KELLER BENVENUTTI KIM LLP

24 By: /s/ Dara L. Silveira
25 Dara L. Silveira

26 Attorneys for Debtors and Reorganized Debtors